



**Department of  
Veterans Affairs**

Office of Public Affairs  
Media Relations

Washington, DC 20420  
(202) 273-6000  
[www.va.gov](http://www.va.gov)

# Fact Sheet

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## Disability Compensation — 2006 Rates

10 percent . . . \$112	60 percent . . . \$873
20 percent . . . 218	70 percent . . . 1,099
30 percent . . . 337	80 percent . . . 1,277
40 percent . . . 485	90 percent . . . 1,436
50 percent . . . 690	100 percent . . . 2,393

*Effective 12/1/05*

### Additional Payments for Dependents

Veterans whose service-connected disabilities are rated at 30 percent or more are entitled to additional allowances for dependents. Depending upon the disability rating of the veteran, monthly allowances for a spouse range from \$40 to \$135 and for a dependent child, \$27 to \$91. Additional amounts are provided for each additional child and there is a higher scale for children in school after age 18.

### Other Major Factors Affecting Payment Levels

Adjustments to rates are based on a number of factors in addition to dependents. Among factors that can have a significant effect on amounts are:

- Veterans with severe service-connected disabilities may receive compensation at a basic rate as high as \$6,845 per month. Various special monthly compensation rates apply when a veteran experiences loss or loss of use of one or more limbs; loses one or more of the senses of sight, hearing or speech; or experiences loss of a reproductive organ or its use, or loss of breast tissue by a female veteran.
- Allowances may be made for veterans requiring aides, such as bedridden individuals who need assistance with eating, bathing or certain other activities of daily living. This adjustment is referred to as “aid and attendance.”

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## **Disability Compensation 2/2/2/2**

- Veterans whose service-connected disability leaves them unable to maintain gainful employment may meet criteria for allowances at the 100 percent compensation rate under a benefit called “individual unemployability.” A veteran with a single service-connected disability may be eligible if the veteran's disability is rated at 60 percent or more. A veteran with multiple disabilities may be eligible if the veteran has a combined rating of 70 percent or more and at least one of the disabilities is individually rated 40 percent or higher.

### **Facts About VA Disability Compensation**

- Disability compensation for veterans is not subject to federal or state income tax. About 80 percent of veterans receive their VA benefits by direct deposit, which VA recommends for security reasons.
- Veterans are rated at increments of 10 percent reflecting degree of disability. As federal regulations summarize the underlying principle, “The percentage ratings represent as far as can practicably be determined the average impairment in earning capacity resulting from such diseases and injuries and their residual conditions.”
- The largest category of veterans on the compensation scale is at 10 percent disability (\$112 per month), with 775,854 veterans at this rate at the beginning of fiscal year 2006 among the total 2.6 million veterans receiving disability compensation.
- The criteria for rating the severity of various disabilities are available online at [http://www.access.gpo.gov/nara/cfr/waisidx\\_04/38cfr4\\_04.html](http://www.access.gpo.gov/nara/cfr/waisidx_04/38cfr4_04.html). As medical knowledge, laws and procedures change, VA regularly publishes proposed changes to these criteria in the *Federal Register* for public comment before a final regulation is adopted.
- Where a veteran has more than one disability, the percentages are not simply added together to produce a new rating. Instead, a formula described in federal regulations calculates the overall rating.
- A veteran may be rated at zero percent, meaning there is evidence of the service-connected condition, but it does not impair the veteran. An example is a minor scar. This zero percent rating, though not compensable, can be beneficial, since it may raise the veteran's priority in other VA programs such as health care eligibility. In addition, it may be reviewed for a higher rating if the condition worsens.
- A veteran may have a number of disabilities individually evaluated as 0 percent which produce 10 percent combined disability and entitle the veteran to disability compensation. At the beginning of fiscal year 2006, there were more than 14,000 veterans in the category of “compensable zero” ratings.
- In addition to the 2.6 million veterans on the compensation rolls, over 2.3 million veterans have overall noncompensable ratings of 0 percent and do not receive payments from VA.

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## **Disability Compensation 3/3/3/3**

- There were over 788,000 new and reopened claims requiring a disability rating received from veterans in fiscal year 2005, an average of more than 65,000 claims filed per month.
- Among veterans on the rolls, the largest category of service-connected disabilities is musculoskeletal problems, accounting for about 40 percent of all disabilities. This includes such problems as impairment of the knee and arthritis due to trauma. Data on the number and type of disabilities are published annually (<http://www.vba.va.gov/reports.htm>).

### **Annual Cost-of-Living Adjustment**

A proposed cost-of-living increase is included in the President's budget proposal released early each calendar year. It is part of the spending forecast and appropriations request for the ensuing fiscal year, a starting point for legislative discussion. However, the actual percentage increase is set through a separate bill debated by Congress and usually signed into law the following fall.

Legislators are not bound by any specific annual Consumer Price Index formula, but historically have chosen to mirror the percentage given to Social Security recipients. The Social Security increase, in turn, is based on a Bureau of Labor Statistics calculation of the rise in the consumer price index for urban wage earners and clerical workers (CPI-W).

Cost of living adjustments become effective December 1 each year and are reflected in the payment received by veterans on or about the first day of the new year. Whenever a payment falls on a holiday or weekend, as is the case with the January 1 payment each year, that month's payment is issued the last prior business day.

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